

COUNTY OF YORK

MEMORANDUM

DATE: January 20, 2004 (BOS Mtg. 2/3/04)

TO: York County Board of Supervisors

FROM: James O. McReynolds, County Administrator

SUBJECT: Tax Relief for Elderly and Disabled Persons

For some time York County has had an excellent program to assist elderly and disabled residents with real estate tax obligations. In Virginia, a locality can only provide such relief as is permitted by the General Assembly. The Code of Virginia, 1950 as amended, outlines the criteria available to localities providing Elderly and Disabled Tax Relief programs.

Background

The Board adopted the current program in 2002. This provides relief to income eligible elderly and disabled homeowners as follows:

1 Eligible Home-owner Income	2 Eligible Home-owners Income	Net Worth (Excludes dwelling and up to 1 acre)	Amount of Exemption
Less than \$17,850	Less than \$20,400	\$100,000	\$600
\$17,850 to \$23,200	\$20,400 to \$26,535	\$100,000	\$420
\$23,200 to \$28,550	\$26,525 to \$32,650	\$100,000	\$300

While the County's current program compares very favorably with the benefits offered in surrounding jurisdictions, the Board has expressed an on-going concern for affordable housing, particularly for senior citizens and the disabled. In response to these concerns, staff was directed to prepare options and alternatives that might further enhance the current Tax Relief Program. The Board reviewed those recommendations at a work session. The attached amendments to the County's Ordinance reflects the Board's direction to staff.

Current

To summarize, the amendments:

1. Increase income eligibility categories to reflect the most recent HUD income guidelines; and
2. Revise exemption amounts to include 100% forgiveness for households with income below \$17,850.

Taken together, these two changes are conservatively estimated to provide \$300,000 in tax relief to eligible homeowners. This reflects an increase over the current program of more than \$100,000. The following table illustrates the effect of the revisions across income categories for eligible homeowners.

1 Person		2 Person	
Income	Exemption	Income	Exemption
Less than \$17,850	100%	Less than \$17,850	100%
\$17,850 to \$19,300	\$600	\$17,850 to \$22,100	\$600
\$19,300 to \$25,100	\$420	\$22,100 to \$28,725	\$420
\$25,100 to \$30,900	\$300	\$28,725 to \$35,350	\$300

Please note that staff was also asked to evaluate the feasibility of implementing a tax freeze for individuals age 75 and older with incomes of \$50,000 or less who are otherwise eligible for the program. Staff made extensive efforts to research this and encountered difficulties with the issue of net worth. Although we can approximate the numbers of eligible households based on age and income, we cannot determine the numbers also meeting the net worth, which is capped by the Code of Virginia at \$100,000. After careful consideration, it appears there is no sound way to project the fiscal impact of such a freeze or to soundly manage that aspect of a program. Consequently, that component is not recommended in the proposed revisions.

Recommendation:

The Elderly Tax Relief provisions of York County's Code provide critical financial assistance to elderly and disabled homeowners in the County. The program allows long-time residents of the County to remain in their homes and, therefore, is an integral component of the County's affordable housing initiatives. I recommend adoption of attached proposed Ordinance No. 04-1.

Smith/4111
Attachment:

- Proposed Ordinance No. 04-1